Supreme Court, U.S.
FILED
FEB 10 1997

No. 96-924

In the Supreme Court of the United States

OCTOBER TERM, 1996

PREFERRED RISK MUTUAL INSURANCE COMPANY,
PETITIONER

v.

UNITED STATES OF AMERICA

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE EIGHTH CIRCUIT

BRIEF FOR THE UNITED STATES IN OPPOSITION

WALTER DELLINGER
Acting Solicitor General
FRANK W. HUNGER
Assistant Attorney General
MARK B. STERN
JOHN C. HOYLE
Attorneys
Department of Justice
Washington, D.C. 20530-0001
(202) 514-2217

QUESTION PRESENTED

The Lanham Trade-Mark Act, 15 U.S.C. 1051, *et seq.*, defines "person" to include "a firm, corporation, union, association, or other organization capable of suing and being sued in a court of law." 15 U.S.C. 1127. The Act further provides that "[t]he term 'person' also includes any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State acting in his or her official capacity." 15 U.S.C. 1127. The question presented by the petition is:

Whether the Lanham Act's proscription of infringement of a valid trademark by "[a]ny person", 15 U.S.C. 1114(1), 1125(a)(1)(A), applies to the United States.

TABLE OF CONTENTS

	Page
Opinions below	1
Jurisdiction	1
Statement	2
Argument	7
Conclusion	12

TABLE OF AUTHORITIES

Cases:

Accardi v. *United States*, 435 F.2d 1239 (3d Cir. 1970)	8
Califano v. *Sanders*, 430 U.S. 99 (1977)	10
Department of Energy v. *Ohio*, 503 U.S. 607 (1992)	9
International Primate Protection League v. *Administrators of Tulane Educational Fund*, 500 U.S. 72 (1991)	8
Lane v. *Pena*, 116 S. Ct. 2092 (1996)	9, 10
Lockridge v. *United States*, 218 Ct. Cl. 687 (1978)	7
New York State Office of Parks & Recreation v. *Atlas Souvenir & Gift Co.*, 207 U.S.P.Q. 954 (TTAB 1980)	11
Serra v. *General Services Admin.*, 667 F. Supp. 1042 (S.D.N.Y. 1987), aff'd, 847 F.2d 1045 (2d Cir. 1988)	7
United States v. *Bonanno Organized Crime Family of La Cosa Nostra*, 879 F.2d 20 (2d Cir. 1989)	8
United States v. *Cooper Corp.*, 312 U.S. 600 (1941)	8
United States v. *Nordic Village*, 503 U.S. 30 (1992)	9
United States v. *United Mine Workers*, 330 U.S. 258 (1947)	8

Cases—Continued: Page

Unix Sys. Labs., Inc. v. *Berkeley Software Design, Inc.*, 832 F. Supp. 790 (D.N.J. 1993) 11
Will v. *Michigan Dep't of State Police*, 491 U.S. 58 (1989) 8
Woelffer v. *Happy States of Am., Inc.*, 626 F. Supp. 499 (N.D. Ill. 1985) 11

Statutes and regulations:

Administrative Procedure Act, 5 U.S.C. 702 10
National Food Insurance Act of 1968, 42 U.S.C. 4001 *et seq.* 2
Lanham Trade-Mark Act, 15 U.S.C. 1051 *et seq.* 3
15 U.S.C. 1051-1128 .....
15 U.S.C. 1114(1) 3, 4, 7
15 U.S.C. 1122(a) 4
15 U.S.C. 1125(a)(1)(A) 4, 3, 7
15 U.S.C. 1125(a)(2) 4
15 U.S.C. 1127 ..... 4, 8
36 U.S.C. 380 11
Trademark Remedy Clarification Act, Pub. L. No. 102-542, 106 Stat. 3567 9
44 C.F.R.:
Pt. 61 App. 2
Section 61.7(b) 2
Section 61.13(a) .....
Section 62.6 2

In the Supreme Court of the United States

OCTOBER TERM, 1996

No. 96-924

PREFERRED RISK MUTUAL INSURANCE COMPANY,
PETITIONER

v.

UNITED STATES OF AMERICA

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE EIGHTH CIRCUIT

BRIEF FOR THE UNITED STATES IN OPPOSITION

OPINIONS BELOW

The opinion of the court of appeals (Pet. App. 2a-15a) is reported at 86 F.3d 789. The relevant opinions of the district court (Pet. App. 16a-44a) are unreported.

JURISDICTION

The judgment of the court of appeals was entered on June 13, 1996. A petition for rehearing was denied on September 10, 1996. Pet. App. 1a. The petition for a writ of certiorari was filed on December 9, 1996. The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

STATEMENT

1. Petitioner is a private company that sells multi-line insurance including automobile, home-owners, and commercial coverage primarily to churches and non-drinkers, *i.e.*, their "preferred risks." Pet. App. 3a. It has been in existence since 1947 and has used the phrase "preferred risk" to identify its policies since that time. *Ibid.* In 1988, petitioner filed trademark applications for "Preferred Risk Group," "Preferred Risk," and "Preferred Risk Mutual." *Ibid.*

2. Pursuant to the National Flood Insurance Act of 1968, 42 U.S.C. 4001 *et seq.*, the Federal Emergency Management Agency (FEMA) administers the National Flood Insurance Program through its component, the Federal Insurance Administration. As part of that program, FEMA offers standard flood insurance policies that cover businesses, dwellings, and condominiums. See 44 C.F.R. 61.13(a); Pt. 61 App. (A)(1)-(A)(3) (reprinting policies). Those standard policies are marketed nationwide and may be sold by any state-licensed insurance agent. See 44 C.F.R. 62.6.

Since the late 1980s, FEMA has offered a lower premium rate for flood insurance in areas where the risk of flooding is relatively slight. See 44 C.F.R. 61.7(b); Pet. App. 3a. Some time before August 1989, FEMA began using the term "Preferred Risk" on those policy application forms and in advertisements to insurance agents. Pet. App. 3a.[1]

---

[1] The application form is reproduced in petitioner's appendix in the court of appeals. The form is described as a "Flood Insurance Preferred Risk Policy Application" in the upper right corner of the first page. It contains several indications that the policy is offered by the federal govern-

In 1990 and thereafter, petitioner wrote FEMA several letters to complain about the agency's use of the phrase "preferred risk." Pet. App. 4a. FEMA responded, asserting, among other things, that its use of the phrase "preferred risk" was not confusingly similar to petitioner's logo because the United States logo and the name of the federal agency were both prominently displayed on all National Flood Insurance Program forms and because petitioner was not a seller of flood insurance. *Ibid.* In 1992, petitioner wrote to FEMA informing the agency that its registration of "Preferred Risk" as a trademark had been allowed, and again demanding that FEMA stop using the term "Preferred Risk." *Ibid.* FEMA refused petitioner's request. *Ibid.*

3. In May 1993, petitioner filed suit against the United States, alleging that FEMA's use of the phrase "preferred risk" violated the Lanham Trade-Mark Act (Lanham Act), as well as other laws, and seeking an injunction requiring, among other things, that the government cease its alleged infringement of petitioner's marks. Pet. App. 4a-5a. The Lanham Act, 15 U.S.C. 1051-1128, is the federal trademark statute. The Act proscribes actions that are "likely to cause confusion" as to the source of a product. 15 U.S.C. 1114(1), 1125(a)(1)(A). "Any person" who, without obtaining consent, uses a valid, registered mark in a way that is likely to cause confusion is civilly liable. 15 U.S.C. 1114(1). Similarly, even absent a registered

---

ment. Among other things, the words "Federal Emergency Management Agency" and the federal government eagle seal appear in the upper left corner of the first page. The words "U.S. Government Printing Office" followed by a code number are at the top center of that page.

mark, the Act places liability on "[a]ny person" who uses a "word, term, [or] name" in a way that is likely to cause confusion about whether his goods or services are connected with or approved by "another person." 15 U.S.C. 1125(a)(1)(A).

The government moved to dismiss petitioner's suit, arguing that neither the Lanham Act nor any other federal law authorized the suit against the United States. As to the Lanham Act, the government noted, *inter alia*, that the Act makes clear that the "person[s]" who may be sued thereunder include "any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State acting in his or her official capacity." 15 U.S.C. 1127; see 15 U.S.C. 1114(1), 1125(a)(2) (same); see also 15 U.S.C. 1122(a) (expressly abrogating the Eleventh Amendment immunity of States). The Act contains no analogous language specifying that the United States and its instrumentalities are "persons" subject to suit.

The district court denied the government's motion to dismiss. Pet. App. 37a-44a. Although the court did not expressly find that the United States was subject to the Lanham Act's prohibitions, it declared that "the federal policy embodied within the Lanham Act" in addition to the "statute and regulations that govern FEMA" vested the court "with subject matter jurisdiction under 28 U.S.C. § 1331 to hear [petitioner's] claim." Pet. App. 42a-43a. The court also stated that the Administrative Procedure Act (APA) would "provide the method and scope of review" on the merits, but that the Lanham Act would "contribute useful standards with which to evaluate [petitioner's] claim." *Id.* at 43a.

The district court later awarded summary judgment to petitioner and enjoined the government from continuing the use of the phrase "preferred risk" to designate any flood insurance policies sponsored by FEMA. Pet. App. 16a-30a. The court determined that the phrase "preferred risk" was protectable under the Lanham Act, *id.* at 25a, and that the government's use of that term would confuse customers. *Id.* at 26a. The court thus concluded that the government's actions "constitute[] an infringement of the Preferred Risk service mark" and that FEMA's contrary determinations "lacked any rational basis" and violated the APA. *Id.* at 30a.

4. The court of appeals reversed. Pet. App. 2a-15a. The court concluded that the federal government does not fall within the Lanham Act's definition of "person[s]" subject to its proscriptions. The court rejected petitioner's argument that the inclusion of the term "organization[s] capable of suing and being sued" as persons subject to the Lanham Act's proscriptions should be construed to include federal agencies. Pet App. 12a. The court explained that the language relied upon by petitioner was "a catch-all term at the end of a list of private entities." *Ibid.* Under the principle of *ejusdem generis*, the court noted, such a list of private entities would not ordinarily be read to include the federal government. *Ibid.*

The court further concluded that, by amending the term "person" in 1992 to include any "State," but not mentioning the federal government, Congress provided "conclusive evidence of [its] intent to exclude the federal government" from coverage. Pet. App. 12a-13a (citing *Department of Energy* v. *Ohio*, 503 U.S. 607, 617-618 (1992)). In addition, the court noted

that interpreting the Lanham Act to include the United States within the definition of "person" would create a right of action against the United States and that such a waiver of sovereign immunity would have to be "express and unequivocal"—a standard clearly not met here. Pet. App. 13a.

The court of appeals acknowledged that "the strongest argument" that the federal government is a "person" subject to suit under the Lanham Act "is that * * * agencies of the federal government have registered trademarks and protested the registration of trademarks by others." Pet. App. 13a. The court noted, however, that administrative decisions holding that federal government entities are "person[s]" for the purposes of registering or protesting trademarks employed a broad construction to give the Lanham Act its maximum effect and that such an approach is inappropriate when considering whether there has been a waiver of sovereign immunity. *Id.* at 14a. Furthermore, the court concluded that in light of the limited legal question at issue in this litigation it "need not consider whether the administrative court decisions permitting federal agencies to register trademarks were correct and [we] leave that issue for future consideration or legislative clarification." *Ibid.*

Finally, the court considered petitioner's policy argument that a ruling in favor of the federal government will leave all trademark owners vulnerable to piracy by the federal government. Pet. App. 14a. The court found that "[t]here is little evidence that such concerns with respect to the federal government are reasonably founded." *Id.* at 15a. Further, the court concluded that it "must infer that Congress determined that such a threat did not outweigh the benefit

of retaining sovereign immunity. If in the future, however, the legislative branch finds that such concerns must be addressed, it is free to amend the Lanham Act to expressly waive the sovereign immunity of the United States as it has done with states." *Ibid.*[2]

ARGUMENT

The court of appeals correctly held that petitioner cannot sue the United States for a violation of the Lanham Act because the Act's proscription of infringement of a valid trademark by "[a]ny person", 15 U.S.C. 1114(1), 1125(a)(1)(A), does not apply to the United States. Indeed, no court has held that the United States can be sued for trademark violations. See *Serra* v. *General Services Admin.*, 667 F. Supp. 1042, 1051 (S.D.N.Y. 1987) ("No statute of the United States contains a consent from the United States that it may be sued for trademark infringement."), aff'd, 847 F.2d 1045 (2d Cir. 1988); see also *Lockridge* v. *United States*, 218 Ct. Cl. 687, 689-690 & n.2 (1978).

To begin with, the most natural reading of the relevant statutory language is that Congress did not intend to include the United States within the entities that are subject to suit under the Lanham Act. The Act, by its terms, applies only to "person[s]," 15 U.S.C. 1114(1), 1125(a)(1)(A). Although the Act contains detailed definitions of the persons to whom the Act's proscriptions apply, the United States is pointedly *not* included by any direct refer-

---

[2] Because the court of appeals decided that the proscriptions of the Lanham Act do not apply to the federal government, it did not consider the federal government's argument that FEMA's use of the phrase "preferred risk" did not constitute trademark infringement. Pet. App. 15a.

ence in these definitions. It is well-established that in the absence of an express inclusion of the United States within a statute's definition of the "person[s]" to whom it applies, the statutory term "person" will not ordinarily be construed to include the sovereign. *United States* v. *United Mine Workers*, 330 U.S. 258, 275 (1947); *Will* v. *Michigan Dep't of State Police*, 491 U.S. 58, 64 (1989); *International Primate Protection League* v. *Administrators of Tulane Educational Fund*, 500 U.S. 72, 82-83 (1991). In accord with that principle, courts uniformly have held that the United States is not a "person" under a variety of statutes. See, *e.g.*, *United Mine Workers*, 330 U.S. at 274 (United States not a "person" under Norris-LaGuardia Act); *United States* v. *Cooper Corp.*, 312 U.S. 600, 604 (1941) (United States not a "person" under Sherman Act); *United States* v. *Bonanno Organized Crime Family of La Cosa Nostra*, 879 F.2d 20, 22-24 (2d Cir. 1989) (United States not a "person" under RICO); *Accardi* v. *United States*, 435 F.2d 1239, 1241 (3d Cir. 1970) (United States not a "person" under 42 U.S.C. 1983).

In an attempt to avoid that well-settled principle, petitioner argues that the United States is subject to the proscriptions in the Lanham Act because the Act defines "juristic person," to include an "organization capable of suing and being sued in a court of law," as well as "a firm, corporation, union, [or] association." 15 U.S.C. 1127. As the court of appeals held, however, the phrase "other organization capable of suing and being sued in a court of law" is a "catch-all" phrase at the end of a list of private entities, and the statutory construction principle of *ejusdem generis* counsels against interpreting that phrase to include a wholly different type of entity, especially the sovereign.

Petitioner attempts (Pet. 7) to avoid that conclusion by arguing that the principle of *ejusdem generis* does not apply where the context dictates a different result. Petitioner's argument, however, fails on its own terms. Nothing in the context of the Lanham Act indicates that Congress intended for the Lanham Act's proscriptions to apply to the United States. Petitioner has cited neither statutory language nor legislative history that would support its argument. Rather, petitioner simply argues that the United States should be included within a "broad definition" of the statutory term "person" under a generalized view of the statute's purpose. Such an argument is at best circular and, in any event, cannot prevail over the "firmly grounded" rule that "[a] waiver of the Federal Government's sovereign immunity must be unequivocally expressed in statutory text." *Lane* v. *Pena*, 116 S. Ct. 2092, 2096 (1996); *United States* v. *Nordic Village*, 503 U.S. 30, 33 (1992).

The 1992 Trademark Remedy Clarification Act (Pub. L. No. 102-542, 106 Stat. 3567) provides further reason why petitioner's argument was properly rejected. By that Act, Congress provided that the term "person" in the Lanham Act shall include "any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State acting in his or her official capacity." 15 U.S.C. 1127. The omission of the United States from the list of governmental entities to be included within the statutory term "person" must be "seen as a pointed one," *Department of Energy* v. *Ohio*, 503 U.S. 607,

617-618 (1992), and it is further evidence that the statute is inapplicable to the United States. *Ibid.*[3]

Petitioner also relies (Pet. 4-6, 12-13) on the waiver of sovereign immunity in the Administrative Procedure Act (APA), 5 U.S.C. 702, and the presumption in favor of judicial review of agency action to provide a basis for this suit because no money damages are sought in this case. As petitioner acknowledges (Pet. App. 6), however, the APA requires a "separate 'relevant statute' * * * to demonstrate that the claimant has suffered a 'legal wrong,' such that there is federal jurisdiction to address that wrong." Section 702 does not create substantive rights. *Califano* v. *Sanders*, 430 U.S. 99, 105-106 & n.6 (1977). There is thus no right to sue the United States for a violation of the APA in the absence of a relevant statute whose violation forms the legal basis for the suit, even if the only remedy that is sought is injunctive. That is especially so where, as here, a suit seeks an injunction against the United States, rather than against specified federal officials or a particular agency. Because the Lanham Act's proscriptions do not apply to the United States, that Act does not provide the necessary legal basis for petitioner's suit.

Petitioner also argues (Pet. 9-10) that the prohibitions contained in the Lanham Act must be interpreted to constrain actions of the federal government and subject it to suit because federal agencies have

---

[3] It is no answer for petitioner to assert (Pet. 7-9) that the Trademark Remedy Clarification Act dealt only with liability of States and did not address the issue of liability of the federal government. It can not be doubted that for a statute to apply its prohibitions to the federal government, Congress must unequivocally express such an intent. See, *e.g.*, *Pena*, 116 S. Ct. at 2096.

been found to be "person[s]" eligible for certain benefits under the Act. The court of appeals considered that argument (Pet. App. 13a-15a) and properly rejected it. As the court pointed out, there are substantial grounds for distinguishing the two situations. In contrast to well-settled principles governing interpretation of statutes when waivers of sovereign immunity are being considered, the administrative decisions allowing the government to obtain certain benefits under the statute are based on a broad construction intended to give the statute's provisions their maximum effect. The compatibility of these two principles is illustrated by the fact that before the Lanham Act's 1992 amendment States were not "persons" subject to suit under the statute, *Woelffer* v. *Happy States of Am., Inc.*, 626 F. Supp. 499, 504 (N.D. Ill. 1985); *Unix Sys. Labs., Inc.* v. *Berkeley Software Design, Inc.*, 832 F. Supp. 790, 799 (D. N.J. 1993); yet, contemporaneous administrative decisions held that States could benefit from certain provisions of the Lanham Act. See *New York State Office of Parks & Recreation* v. *Atlas Souvenir & Gift Co.*, 207 U.S.P.Q. 954, 958 (TTAB 1980).

In any event, the court of appeals correctly perceived that the question whether the registration provisions of the Lanham Act are available to federal agencies is not presented by this case. See Pet. App. 14a. For this reason, petitioner's argument (Pet. 10-11) that the panel's decision puts in jeopardy hundreds of famous government trademarks does not provide a reason for this Court to hear this case. Questions relating to those trademarks must await other litigation or legislative action and do not implicate the court of appeals' correct conclusion that Congress

has not authorized petitioner's suit against the United States.[4]

CONCLUSION

The petition for a writ of certiorari should be denied.

Respectfully submitted.

WALTER DELLINGER
Acting Solicitor General
FRANK W. HUNGER
Assistant Attorney General
MARK B. STERN
JOHN C. HOYLE
Attorneys

FEBRUARY 1997

.[4] Moreover, petitioner has overstated the alleged "jeopardy" to government trademarks. Many government trademarks are protected by specific statute, see, *e.g.*, 36 U.S.C. 380, protecting Olympic symbols, and hence are not dependent upon interpretation of the Lanham Act.